

State of Connecticut

GEORGE C. JEPSEN
ATTORNEY GENERAL



Hartford

February 9, 2012

Dear Connecticut resident:

I'm pleased to announce that the 50 state attorneys general and the federal government have reached agreement on the largest ever joint federal-state settlement with the country's five largest loan servicers -- Ally/GMAC, Bank of America, Citi, JPMorgan Chase and Wells Fargo. The settlement will provide as much as \$25 billion in relief to distressed borrowers and direct payments to states and the federal government -- including more than \$190 million to the State of Connecticut.

The agreement, which I helped to negotiate, settles state and federal investigations finding that the country's five largest loan servicers routinely signed foreclosure related documents outside the presence of a notary public and without really knowing whether the facts they contained were correct. Both of these practices violate the law. The settlement provides benefits to borrowers whose loans are owned by the settling banks as well as to many of the borrowers whose loans they service.

KEY PROVISIONS OF THE SETTLEMENT

- **Immediate aid to homeowners needing loan modifications now**, including first and second lien principal reduction. The servicers are required to work off up to \$17 billion in principal reduction and other forms of loan modification relief nationwide -- including \$120 million for homeowners in Connecticut.

State attorneys general anticipate the settlement's requirement for principal reduction will show other lenders that principal reduction is one effective tool in combating foreclosure and that it will not lead to widespread defaults by borrowers who really can afford to pay.

- **Immediate aid to borrowers who are current, but underwater**. Borrowers will be able to refinance at today's historically low interest rates. Servicers will have to provide up to \$3 billion in refinancing relief nationwide -- including nearly \$36 million for homeowners in Connecticut.
- **Immediate payments to borrowers who lost their homes to foreclosure** with no requirement to prove financial harm and without having to release private claims against the

servicers or the right to participate in the OCC review process. The more than 7,500 Connecticut borrowers who lost their home to foreclosure from January 1, 2008 through December 31, 2011 and suffered servicing abuse would qualify for an estimated \$1,500 in cash payments to individual borrowers.

- **Immediate payments to signing states** to help fund consumer protection and state foreclosure protection efforts. Connecticut will receive an estimated \$27 million to help pay for local foreclosure prevention programs, such as the Connecticut Department of Banking's foreclosure prevention hotline, HUD-approved housing counselors, the Judicial Branch's foreclosure mediation program, non-profit legal aid groups that help homeowners facing foreclosure and loan modification programs supported by the Connecticut Housing Finance Authority.
- **First ever nationwide reforms to servicing standards.** Something that no other federal or state agency has been able to achieve. These servicing standards require single point of contact, adequate staffing levels and training, better communication with borrowers, and appropriate standards for executing documents in foreclosure cases, ending improper fees, and ending dual-track foreclosures for many loans.
- **State AG oversight of national banks for the first time.** Something no court could award.
 - National banks will be required to regularly report compliance with the settlement to an independent, outside monitor that reports to state Attorneys General.
 - Servicers will have to pay heavy penalties for non-compliance with the settlement, including missed deadlines.
- **Banks are still accountable for other claims not covered by this settlement.** The agreement holds the banks accountable for their wrongdoing on robo-signing and mortgage servicing. This settlement does not seek to hold them responsible for all their wrongs over the past five years and the agreement and its release preserve legal options for others to pursue.
 - Governmental entities and private parties are aggressively pursuing securities cases against the banks.
 - A joint federal-state task force has been formed to investigate and prosecute those responsible for the collapse of the mortgage lending and investment markets.
 - Individuals may still pursue private claims-- Even if they receive relief under the settlement.
 - This settlement includes absolutely no criminal immunity for any individual who violated the law.

TIMELINE

- Over the next **30 days**, the attorneys general will begin working with a settlement monitor who will oversee the mortgage servicers' compliance with the settlement.
- Over the next **six to nine months**, a settlement administrator selected by the attorneys general will work to identify homeowners eligible for the immediate cash payments. Those eligible will receive letters and claim forms.
- This settlement will be executed over the **next three years**.

WHERE BORROWERS CAN GO FOR HELP

Because of the complexity of the mortgage market and this agreement, which will be performed over a three-year period, **borrowers will not immediately know** if they are eligible for relief.

For loan modifications and refinance options, borrowers may be contacted directly by one of the five participating mortgage servicers. Keeping in mind the timeline above, you may contact the banks directly at the following numbers if you need additional information regarding eligibility under the settlement or to see if you qualify for other loan modification programs that are not part of the settlement.

- Bank of America: 877-488-7814
- Citi: 866-272-4749
- Chase: 866-372-6901
- Ally/GMAC: 800-766-4622
- Wells Fargo: 1-800-288-3212

For payments to foreclosure victims A settlement administrator designated by the attorneys general will send claim forms to eligible persons. If you believe you are eligible for relief under this settlement but are concerned you may be difficult to locate, a form is available on the Office of the Attorney General website: www.ct.gov/ag under “Joint State-Federal Foreclosure Settlement” button, click on link at the bottom of the highlights page. The form may be completed and returned to our office and forwarded to the settlement administrator.

Please note that loans owned by Fannie Mae or Freddie Mac are not impacted by this settlement. Visit the following websites to learn if your loan is owned by either Fannie Mae or Freddie Mac:

- www.fanniemae.com/homeaffordable
- www.freddiemac.com/avoidforeclosure

These sites also include information about other mortgage and foreclosure programs you may be eligible to access.

For more information on this settlement, please visit:

www.nationalmortgagesettlement.com;

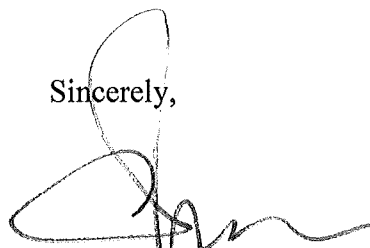
www.ct.gov/ag;

www.HUD.gov;

www.Doj.gov;

More information will be made available as the settlement programs are implemented.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Jepsen', with a large loop at the top and a horizontal line extending to the right.

GEORGE JEPSEN
ATTORNEY GENERAL